

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

FIRST-CLASS MAIL AND PERIODICALS
SERVICE STANDARD CHANGES, 2021

Docket No. N2021-1

**NOTICE OF ERRATUM TO RESPONSE OF THE UNITED STATES POSTAL
SERVICE TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 3,
QUESTION 8
(June 2, 2021)**

On May 26, 2021, the Postal Service filed responses to the above-referenced information request. The header for the response to question 8 misattributed that response to witness Hagenstein; it should have identified witness Whiteman. The revised response follows this notice.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony Alverno
Chief Counsel, Global Business & Service
Development

Jacob D. Howley

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1135
(202) 268-8917
June 2, 2021

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WHITEMAN TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 3**

(Revised June 2, 2021)

Question 8. Please refer to response of Witness Whiteman to Postcom interrogatory PostCom/USPS-T-2-1, which states, "While it is possible that the Postal Service might not end the year at the \$9.7 billion net loss projected in the 2021 IFP, the end-of-year net loss could reasonably be expected to fall anywhere in the range of \$2.0 billion to \$9.0 billion."⁷ Please provide the revenue and cost assumptions supporting the updated end-of-year FY 2021 net loss of \$2.0 billion and \$9.0 billion. Please provide an estimated end-of-year FY 2021 cash balance updated for the revised range of net loss.

RESPONSE:

The charts below show the various sets of revenue and cost assumptions supporting the \$2.0 billion to \$9.0 billion range of projected FY2021 net loss figures, along with estimated end-of-year FY2021 cash balances under each scenario. Multiple scenarios are considered given the anticipated decline in revenue in the last six months of the year relative to the first six months, coupled with the unknown status of how the COVID-19 pandemic will continue to impact our business. The model applies the projected percent of change in expenses identically across all expense categories, but it is acknowledged that expenses in the second half of the year will vary across the expense categories, since each expense category has its own unique set of influences.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WHITEMAN TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 3
(Revised June 2, 2021)**

\$2 Billion Net Loss Scenarios

-8.0% <<< select projected Revenue Growth % here

-7.0% <<< select projected Expense Growth % here

	Six Months Ended March 31 2021	Forecast Rest of Year	End of Year Forecast
Total Revenue	40,403	37,171	77,574
Operating Expenses			
Compensation & Benefits	25,600	23,808	49,408
Retirement Benefits	3,580	3,329	6,909
Retiree Health Benefits	2,400	2,232	4,632
Workers' Compensation	692	644	1,336
Non-Cash Workers' Compensation	(2,230)	-	(2,230)
Transportation	4,945	4,599	9,544
Other Operating Expenses	5,115	4,757	9,872
Net Interest	65	60	125
Net income (loss)	236	(2,258)	(2,022)
Operating Activities			5,116
Operating Activities: RHB accrued but not paid			4,632
Investing activities			(2,000)
Financing activities			(3,000)
Cash at beginning of year			14,712
Cash at beginning of period			17,437

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WHITEMAN TO
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(Revised June 2, 2021)**

-9.0%

<<< select projected Revenue Growth % here

-8.0%

<<< select projected Expense Growth % here

	Six Months Ended March 31 2021	Forecast Rest of Year	End of Year Forecast
Total Revenue	40,403	36,767	77,170
Operating Expenses			
Compensation & Benefits	25,600	23,552	49,152
Retirement Benefits	3,580	3,294	6,874
Retiree Health Benefits	2,400	2,208	4,608
Workers' Compensation	692	637	1,329
Non-Cash Workers' Compensation	(2,230)	-	(2,230)
Transportation	4,945	4,549	9,494
Other Operating Expenses	5,115	4,706	9,821
Net Interest	65	60	125
Net income (loss)	236	(2,239)	(2,003)
Operating Activities			5,116
Operating Activities: RHB accrued but not paid			4,608
Investing activities			(2,000)
Financing activities			(3,000)
Cash at beginning of year			14,712
Cash at beginning of period			17,433

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WHITEMAN TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 3

(Revised June 2, 2021)

-10.0%

<<< select projected Revenue Growth % here

-9.0%

<<< select projected Expense Growth % here

	Six Months Ended March 31 2021	Forecast Rest of Year	End of Year Forecast
Total Revenue	40,403	36,363	76,766
Operating Expenses			
Compensation & Benefits	25,600	23,296	48,896
Retirement Benefits	3,580	3,258	6,838
Retiree Health Benefits	2,400	2,184	4,584
Workers' Compensation	692	630	1,322
Non-Cash Workers' Compensation	(2,230)	-	(2,230)
Transportation	4,945	4,500	9,445
Other Operating Expenses	5,115	4,655	9,770
Net Interest	65	59	124
Net income (loss)	236	(2,219)	(1,983)

Operating Activities	5,116
Operating Activities: RHB accrued but not paid	4,584
Investing activities	(2,000)
Financing activities	(3,000)
Cash at beginning of year	14,712
Cash at beginning of period	17,429

-11.0%

<<< select projected Revenue Growth % here

-10.0%

<<< select projected Expense Growth % here

	Six Months Ended March 31 2021	Forecast Rest of Year	End of Year Forecast
Total Revenue	40,403	35,959	76,362
Operating Expenses			
Compensation & Benefits	25,600	23,040	48,640
Retirement Benefits	3,580	3,222	6,802
Retiree Health Benefits	2,400	2,160	4,560
Workers' Compensation	692	623	1,315
Non-Cash Workers' Compensation	(2,230)	-	(2,230)
Transportation	4,945	4,451	9,396
Other Operating Expenses	5,115	4,604	9,719
Net Interest	65	59	124
Net income (loss)	236	(2,199)	(1,963)

Operating Activities	5,116
Operating Activities: RHB accrued but not paid	4,560
Investing activities	(2,000)
Financing activities	(3,000)
Cash at beginning of year	14,712
Cash at beginning of period	17,425

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WHITEMAN TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 3
(Revised June 2, 2021)**

-18.0%

<<< select projected Revenue Growth % here

-16.5%

<<< select projected Expense Growth % here

	Six Months Ended March 31 2021	Forecast Rest of Year	End of Year Forecast
Total Revenue	40,403	33,130	73,533
Operating Expenses			
Compensation & Benefits	25,600	21,376	46,976
Retirement Benefits	3,580	2,989	6,569
Retiree Health Benefits	2,400	2,004	4,404
Workers' Compensation	692	578	1,270
Non-Cash Workers' Compensation	(2,230)	-	(2,230)
Transportation	4,945	4,129	9,074
Other Operating Expenses	5,115	4,271	9,386
Net Interest	65	54	119
Net income (loss)	236	(2,271)	(2,035)

Operating Activities	5,116
Operating Activities: RHB accrued but not paid	4,404
Investing activities	(2,000)
Financing activities	(3,000)
Cash at beginning of year	14,712
Cash at beginning of period	17,196

-19.0%

<<< select projected Revenue Growth % here

-17.5%

<<< select projected Expense Growth % here

	Six Months Ended March 31 2021	Forecast Rest of Year	End of Year Forecast
Total Revenue	40,403	32,726	73,129
Operating Expenses			
Compensation & Benefits	25,600	21,120	46,720
Retirement Benefits	3,580	2,954	6,534
Retiree Health Benefits	2,400	1,980	4,380
Workers' Compensation	692	571	1,263
Non-Cash Workers' Compensation	(2,230)	-	(2,230)
Transportation	4,945	4,080	9,025
Other Operating Expenses	5,115	4,220	9,335
Net Interest	65	54	119
Net income (loss)	236	(2,251)	(2,015)

Operating Activities	5,116
Operating Activities: RHB accrued but not paid	4,380
Investing activities	(2,000)
Financing activities	(3,000)
Cash at beginning of year	14,712
Cash at beginning of period	17,192

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WHITEMAN TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 3
(Revised June 2, 2021)**

-20.0%

<<< select projected Revenue Growth % here

-18.5%

<<< select projected Expense Growth % here

	Six Months Ended March 31 2021	Forecast Rest of Year	End of Year Forecast
Total Revenue	40,403	32,322	72,725
Operating Expenses			
Compensation & Benefits	25,600	20,864	46,464
Retirement Benefits	3,580	2,918	6,498
Retiree Health Benefits	2,400	1,956	4,356
Workers' Compensation	692	564	1,256
Non-Cash Workers' Compensation	(2,230)	-	(2,230)
Transportation	4,945	4,030	8,975
Other Operating Expenses	5,115	4,169	9,284
Net Interest	65	53	118
Net income (loss)	236	(2,231)	(1,995)

Operating Activities	5,116
Operating Activities: RHB accrued but not paid	4,356
Investing activities	(2,000)
Financing activities	(3,000)
Cash at beginning of year	14,712
Cash at beginning of period	17,188

-21.0%

<<< select projected Revenue Growth % here

-19.5%

<<< select projected Expense Growth % here

	Six Months Ended March 31 2021	Forecast Rest of Year	End of Year Forecast
Total Revenue	40,403	31,918	72,321
Operating Expenses			
Compensation & Benefits	25,600	20,608	46,208
Retirement Benefits	3,580	2,882	6,462
Retiree Health Benefits	2,400	1,932	4,332
Workers' Compensation	692	557	1,249
Non-Cash Workers' Compensation	(2,230)	-	(2,230)
Transportation	4,945	3,981	8,926
Other Operating Expenses	5,115	4,118	9,233
Net Interest	65	52	117
Net income (loss)	236	(2,211)	(1,975)

Operating Activities	5,116
Operating Activities: RHB accrued but not paid	4,332
Investing activities	(2,000)
Financing activities	(3,000)
Cash at beginning of year	14,712
Cash at beginning of period	17,184

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WHITEMAN TO
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(Revised June 2, 2021)**

-22.0%

<<< select projected Revenue Growth % here

-20.5%

<<< select projected Expense Growth % here

	Six Months Ended March 31 2021	Forecast Rest of Year	End of Year Forecast
Total Revenue	40,403	31,514	71,917
Operating Expenses			
Compensation & Benefits	25,600	20,352	45,952
Retirement Benefits	3,580	2,846	6,426
Retiree Health Benefits	2,400	1,908	4,308
Workers' Compensation	692	550	1,242
Non-Cash Workers' Compensation	(2,230)	-	(2,230)
Transportation	4,945	3,931	8,876
Other Operating Expenses	5,115	4,066	9,181
Net Interest	65	52	117
Net income (loss)	236	(2,191)	(1,955)

Operating Activities	5,116
Operating Activities: RHB accrued but not paid	4,308
Investing activities	(2,000)
Financing activities	(3,000)
Cash at beginning of year	14,712
Cash at beginning of period	17,180

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WHITEMAN TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 3
(Revised June 2, 2021)**

\$9 Billion Net Loss Scenarios

-19.0% <<< select projected Revenue Growth % here

-1.0% <<< select projected Expense Growth % here

	Six Months Ended March 31 2021	Forecast Rest of Year	End of Year Forecast
Total Revenue	40,403	32,726	73,129
Operating Expenses			
Compensation & Benefits	25,600	25,344	50,944
Retirement Benefits	3,580	3,544	7,124
Retiree Health Benefits	2,400	2,376	4,776
Workers' Compensation	692	685	1,377
Non-Cash Workers' Compensation	(2,230)	-	(2,230)
Transportation	4,945	4,896	9,841
Other Operating Expenses	5,115	5,064	10,179
Net Interest	65	64	129
Net income (loss)	236	(9,247)	(9,011)
Operating Activities			5,116
Operating Activities: RHB accrued but not paid			4,776
Investing activities			(2,000)
Financing activities			(3,000)
Cash at beginning of year			14,712
Cash at beginning of period			10,593

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS WHITEMAN TO
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(Revised June 2, 2021)**

-20.0%

<<< select projected Revenue Growth % here

-2.0%

<<< select projected Expense Growth % here

	Six Months Ended March 31 2021	Forecast Rest of Year	End of Year Forecast
Total Revenue	40,403	32,322	72,725
Operating Expenses			
Compensation & Benefits	25,600	25,088	50,688
Retirement Benefits	3,580	3,508	7,088
Retiree Health Benefits	2,400	2,352	4,752
Workers' Compensation	692	678	1,370
Non-Cash Workers' Compensation	(2,230)	-	(2,230)
Transportation	4,945	4,846	9,791
Other Operating Expenses	5,115	5,013	10,128
Net Interest	65	64	129
Net income (loss)	236	(9,227)	(8,991)
Operating Activities			5,116
Operating Activities: RHB accrued but not paid			4,752
Investing activities			(2,000)
Financing activities			(3,000)
Cash at beginning of year			14,712
Cash at beginning of period			10,589

-22.0%

<<< select projected Revenue Growth % here

-4.0%

<<< select projected Expense Growth % here

	Six Months Ended March 31 2021	Forecast Rest of Year	End of Year Forecast
Total Revenue	40,403	31,514	71,917
Operating Expenses			
Compensation & Benefits	25,600	24,576	50,176
Retirement Benefits	3,580	3,437	7,017
Retiree Health Benefits	2,400	2,304	4,704
Workers' Compensation	692	664	1,356
Non-Cash Workers' Compensation	(2,230)	-	(2,230)
Transportation	4,945	4,747	9,692
Other Operating Expenses	5,115	4,910	10,025
Net Interest	65	62	127
Net income (loss)	236	(9,187)	(8,951)
Operating Activities			5,116
Operating Activities: RHB accrued but not paid			4,704
Investing activities			(2,000)
Financing activities			(3,000)
Cash at beginning of year			14,712
Cash at beginning of period			10,581